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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Concerning Energy  
Efficiency Rolling Portfolios, Policies, Programs,  
Evaluation, and Related Issues

R.13-11-005  
(Filed November 14, 2013)

**NOTICE OF EX PARTE COMMUNICATION**

January 29, 2021

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Pursuant to Rule 8.2, of the California Public Utilities Commission's Rules of Practice and Procedure, the Natural Resources Defense Council (NRDC) hereby provides this notice of an ex parte communication with the office of Commissioner Shiroma where NRDC presented near and long term actions required to better align energy efficiency regulation with California's climate, energy, and equity policy goals.

The meeting took place remotely on Wednesday, January 27, 2021 from 10 A.M. to 10:30 A.M. Attending for Commissioner Shiroma's office were Leuwam Tesfai (Chief of Staff and Legal Advisor) and Cheryl Wynn (Energy and Water Advisor). Attending the meeting for NRDC were Lara Ettenson (Director, Energy Efficiency Initiative) and Mohit Chhabra (Senior Scientist).

NRDC discussed how energy efficiency regulation needs to evolve to better align program goals with what energy efficiency policy aims to accomplish: to equitably meet California's energy needs and climate goals in a cost-effective manner. NRDC recommended that the current energy efficiency portfolio should be cleaved into three separate sub-portfolios: resource energy efficiency, market transformation, and equity. This will allow the Program Administrators to better design energy efficiency programs that will meet California's energy needs and climate goals in a least cost manner while ensuring robust programs to serve those that need it the most are designed and implemented.

NRDC further explained that the existing cost-effectiveness framework, the total resource cost test (TRC), is inappropriate for evaluating energy efficiency. This is because it does not

evaluate energy efficiency on par with supply side resources. The TRC, as implemented, is lopsided; in addition to accounting for utility costs and benefits, the TRC also accounts for additional consumer costs to acquire energy efficiency without commensurately accounting for consumer benefits.

Finally, NRDC explained that resource energy efficiency programs need to be measured for their full value of benefits they provide. This means that a metric that accounts for the energy, carbon reduction, capacity, and other energy system benefits of energy efficiency needs to be used to measure and track these programs instead of using the average annual value of kilowatt hours to guide investment. Existing goal setting and tracking metric, annual energy savings, does not capture the full value or need of the system. Energy efficiency should be valued in terms of its total monetary benefit in dollars or the sum of its lifetime avoided costs that are established by the CPUC. This total value metric incentivizes implementers and program administrators to save energy when it is most valuable and promotes those energy savings that best meet system needs (such as providing energy savings during summer evenings to avoid future power shortages).

NRDC pointed Commissioner Shiroma's advisors to their recent filings that comprehensively describe this three part proposal.

Dated: January 29, 2021

Respectfully submitted,

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